Weekly Economic Review

Alberta labour market shows resiliency

Employment

Large job gains in September

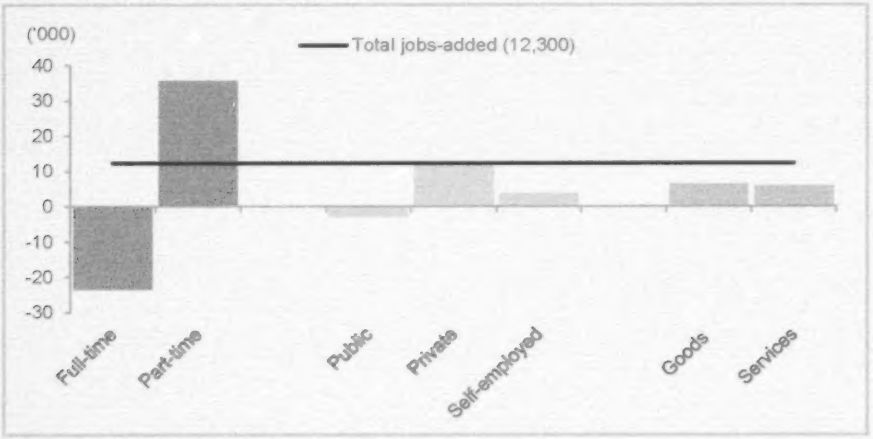
Alberta's labour market remains resilient in the face of low oil prices, adding 12,300 jobs in September (Chart 1). Employment growth in September was broad-based, with employment increasing in both services (+6,000) and goods-producing industries (+6,400). Private sector employment increased by 11,600, while public sector employment inched down by 2,900. There was some indication of underlying weakness in the labour market, as all the jobs added were part-time (+35,800). Full time employment fell by 23,500. The unemployment rate jumped by 0.5 percentage points to 6.5%, as the number of unemployed in the province rose to the highest level in over thirty years.

Nationally, employment increased by 12,100 jobs in September, despite Ontario losing 33,800 jobs. Gains were led by British Columbia and Alberta. The unemployment rate ticked up 0.1 percentage points to 7.1%

For more information, see this month's *Labour Market Notes.*

Chart 1: Part-time employment leads job growth

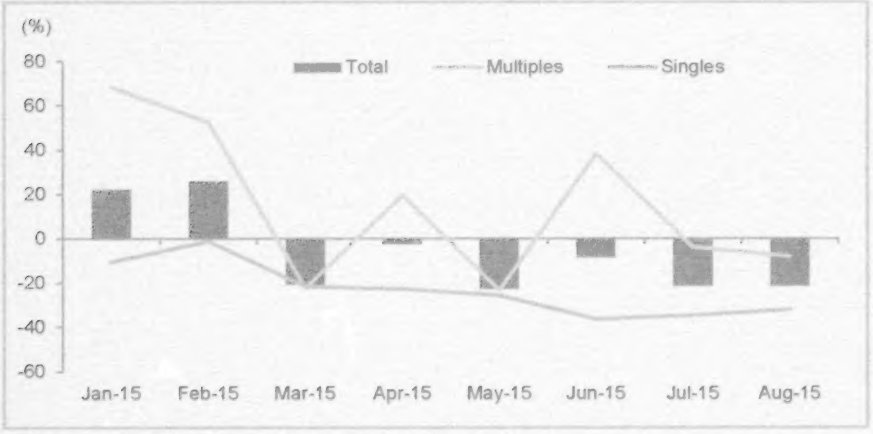
Alberta labour market indicators



Source: Statistics Canada

Chart 2: Single-unit starts have been much lower in 2015

Year-over-year change in Alberta housing starts (annualized)



Source: Canada Mortgage and Housing Corporation

Housing Starts

Starts remain elevated

In September, Alberta housing starts increased by 6.9% to 36,951 (annualized). Despite the monthly increase, growth in starts has declined in recent months and is down 5.8% year-to-date. An increase in Calgary housing starts offset a decline in Edmonton. Alberta multi-family starts, which supported growth earlier in the year, have started to decline. They were down 8.2% y/y. Single-family units continue to weigh on housing starts (Chart 2), falling 32% y/y to 11,500.

Canadian housing starts reached 230,700 in September, the highest level since August 2012.

Merchandise Trade

Export growth softens

Alberta's international goods exports fell to $8.1 billion in August, down 17% y/y. Much of the decline was due to lower oil prices, as energy exports fell

22% y/y (Chart 3). Non-energy exports, which represent 30% of total exports, fell less sharply, declining 1.7% y/y. Strong gains in industrial chemicals and plastics and consumer goods were more than offset by losses in food and farm products, and industrial machinery.

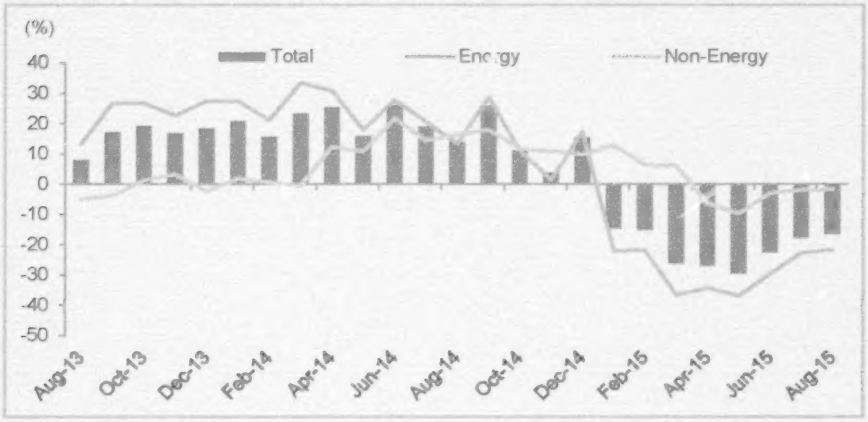
Building Permits

Continued descent

There were $1.3 billion building permits issued in Alberta for August, 22% less than last August. Permit values have trended below last year's levels for much of 2015 (Chart 4) and are down 9.5% year-to-date. Declines were broad-based as both residential and non-residential permits declined. After three months of relative strength, commercial permits plummeted by 43% in August. They were down 25% year-to-date. Non-residential permits have been supported by governmental and institutional building, as issues for schools continued to remain elevated. Institutional permits were up almost 80% y/y and 65% year-to-date, with total value of permits issued in the first eight months of 2015 almost as high as in all of 2014.

Chart 3: Broad-based weakness in exports

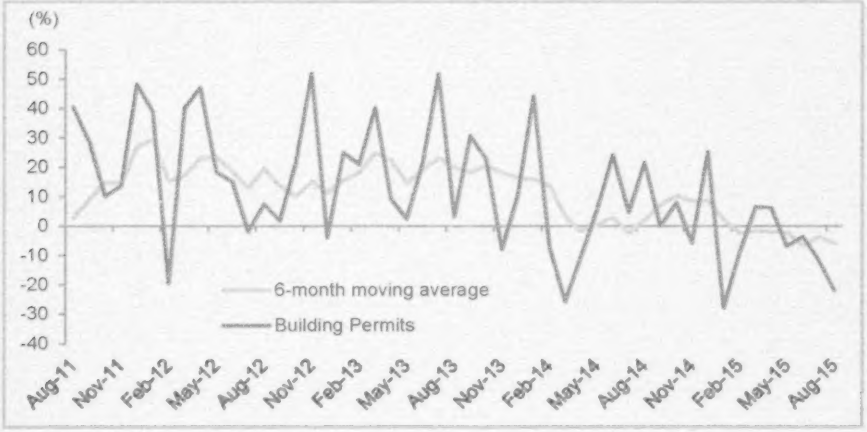
Year-over-year change in Alberta international merchandise exports



Source: Statistics Canada

Chart 4: Building permit values have drifted lower

Year-over-year change in Alberta building permit values



Source: Statistics Canada

New Housing Price Index

New house prices stall

Year-over-year growth of Alberta's New Housing Price Index has declined throughout 2015. Growth fell to zero in August, down from 3.6% in December. The deceleration was due to Calgary prices falling by 0.2% y/y in August, after leading the country in growth in 2014. Prices in Edmonton rose 0.2% y/y and have been essentially flat since 2009.

World Economic Outlook

Slower global growth

The IMF lowered its forecast for global growth in 2015 to 3.1%, and 3.6% in 2016. The outlook for numerous advanced economies and emerging markets has dimmed. Canada's expected growth was downgraded to 1.0% for this year and to 1.7% in 2016. The forecasts for Japan and Germany were similarly lowered. Brazil, Russia and a slew of other commodity exporting emerging markets will post lower growth than previously expected. Lingering challenges include depressed commodity prices, tepid growth, financial market volatility and the strong US dollar.

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Please see the *Alberta Economy - Indicators at a Glance* for a snapshot of Alberta indicators.